

**HARRISON COUNTY, IOWA  
Independent Auditors' Report  
Basic Financial Statements  
and  
Supplementary Information  
Schedule of Findings and  
Questioned Costs  
June 30, 2008**

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## HARRISON COUNTY, IOWA

### COUNTY OFFICIALS

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Name	Title	Term Expires
Rolland A. Roberts	Board of Supervisors	12-31-08
Larry D. King	Board of Supervisors	12-31-10
Robert V. Smith	Board of Supervisors	12-31-10
Susan E. Bonham	County Auditor	12-31-08
Vicki Argotsinger	County Treasurer	12-31-10
Lorie A. Thompson	County Recorder	12-31-10
Terry A. Baxter	County Sheriff	12-31-08
Jennifer Mumm	County Attorney	12-31-10
Dennis Alvis	County Assessor	12-31-09

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Supervisors  
Harrison County, Iowa

We have audited the accompanying financial statements of the governmental activities, business-type activity, each major fund, and the aggregate remaining fund information of Harrison County, IA as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Harrison County's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of Harrison County as of June 30, 2008, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, pages 4 through 11, and budgetary comparison information on pages 40 through 44 are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2009 on our consideration of Harrison County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government*

*Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Harrison County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2007 (which are not presented therein) and expressed unqualified opinions on the major fund and aggregate remaining fund information.

The supplementary information including the combining nonmajor fund financial statements and supplemental data as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and also is not a required part of the basic financial statements of Harrison County. Such information has been subjected to the auditing procedures applied in our audit of the aforementioned financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

*Willians & Company P.C.*  
Certified Public Accountants

Onawa, Iowa  
June 26, 2009

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Harrison County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2008. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### 2008 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 4%, or approximately \$572,000, from fiscal 2007 to fiscal 2008. Property tax increased approximately \$279,000, operating grants and contributions decreased approximately \$148,000 and capital grants and contributions increased approximately \$4,535,000
- Program expenses of the County's governmental activities were 25% or approximately \$3,133,000 fiscal 2008 than in fiscal 2007. Roads and transportation expenses increased approximately \$2,326,000.
- The County's net assets increased 15%, or approximately \$4,890,000, from June 30, 2007 to June 30, 2008.

### USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Harrison County as a whole and present an overall view of the County's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Harrison County's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Harrison County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor governmental and the individual Agency Funds. In addition, the Schedule of Expenditures of Federal Awards provides detail of various programs benefiting the County.

## REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

### *Government-wide Financial Statements*

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information which helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Assets presents all of the County's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the County's net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The County's governmental activities and business-type activities are presented in the Statement of Net Assets and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, government services to residents, administration, interest on long-term debt and other non-program activities. Property tax and state and federal grants finance most of these activities. Business-type activities include the water and waste water disposal system for which the county will collect fees from customers to cover the costs of these services.

### *Fund Financial Statements*

The County has three kinds of funds:

1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Funds, 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads, 3) the Debt Service Fund and 4) the Capital Projects Funds. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

2) The Proprietary fund is used to account for operations that are financed and operated in a manner similar to private business enterprises. This fund includes the Water and Waste Disposal System Fund used to account for the collection of fees from users to pay for the bonds that were issued to construct the water and waste disposal system for Little Sioux and River Sioux communities.

The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

3) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for drainage districts, emergency management services and the County Assessor, to name a few.

The required financial statement for fiduciary funds is a statement of fiduciary assets and liabilities.

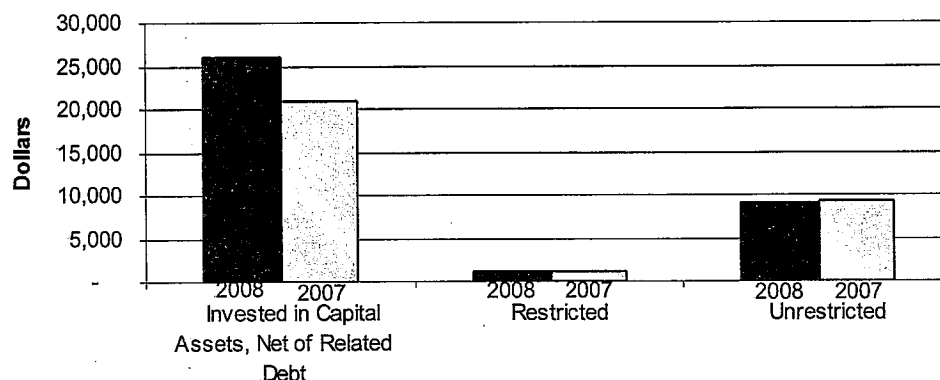
Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. Harrison County's combined net assets increased from \$31,339,000 to \$36,177,000. The analysis that follows focuses on the changes of the net assets for our governmental funds and business-type activity:

Net Assets of Governmental Funds and Business-Type Activity (Expressed in Thousands)						
	Governmental Funds		Business-Type Activity		Total	
	June 30,		June 30,		June 30,	
	2008	2007	2008	2007	2008	2007
Current and Other Assets	\$18,213	\$18,128	\$ 108		\$18,321	\$18,128
Capital Assets	26,729	24,137	2,074		28,803	24,137
Total Assets	44,942	42,265	2,182	\$ -	47,124	42,265
Long-Term Liabilities	2,739	3,877	758		3,497	3,877
Other Liabilities	7,261	7,049	189		7,450	7,049
Total Liabilities	10,000	10,926	947	-	10,947	10,926
Net Assets						
Invested in Capital Assets, Net of Related Debt	24,624	20,905	1,315		25,939	20,905
Restricted	1,064	1,064			1,064	1,064
Unrestricted	9,254	9,370	(80)		9,174	9,370
Total Net Assets	\$34,942	\$31,339	\$ 1,235	\$ -	\$36,177	\$31,339

Comparison of Net Assets



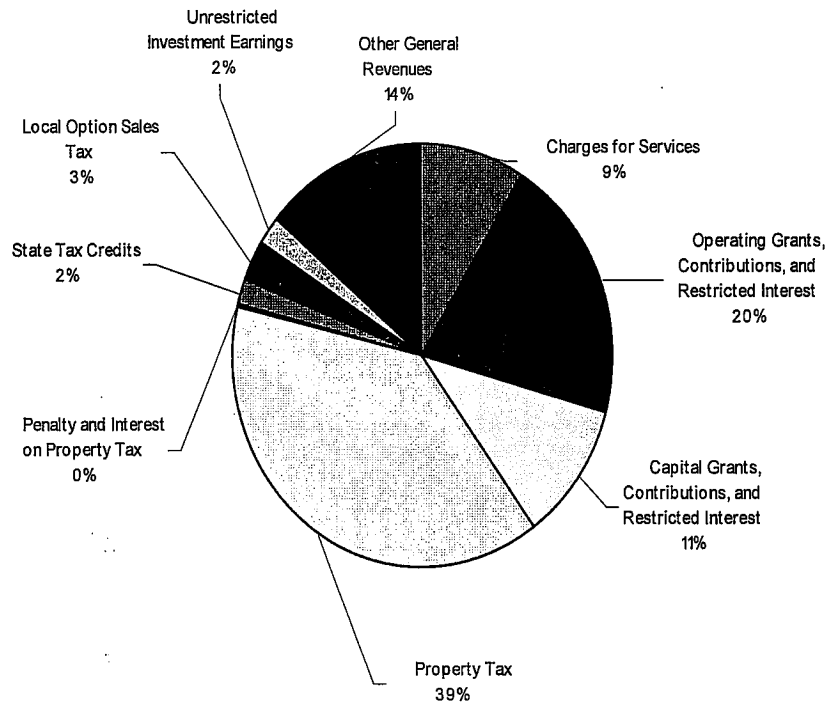
The largest portion of the County's net assets is the Invested in Capital Assets (land, infrastructure, buildings, and equipment), less the related debt. The debt related to the Investment in Capital Assets is liquidated with sources other than capital assets, since they are unavailable for future spending. Restricted net assets represent resources that are subject to external restrictions, constitutions provisions, or enabling legislation on how they can be used. Unrestricted net assets are the part of the net assets that can be used to finance day-to-day operations without constraints established by debt covenants, legislation, or other legal requirements.



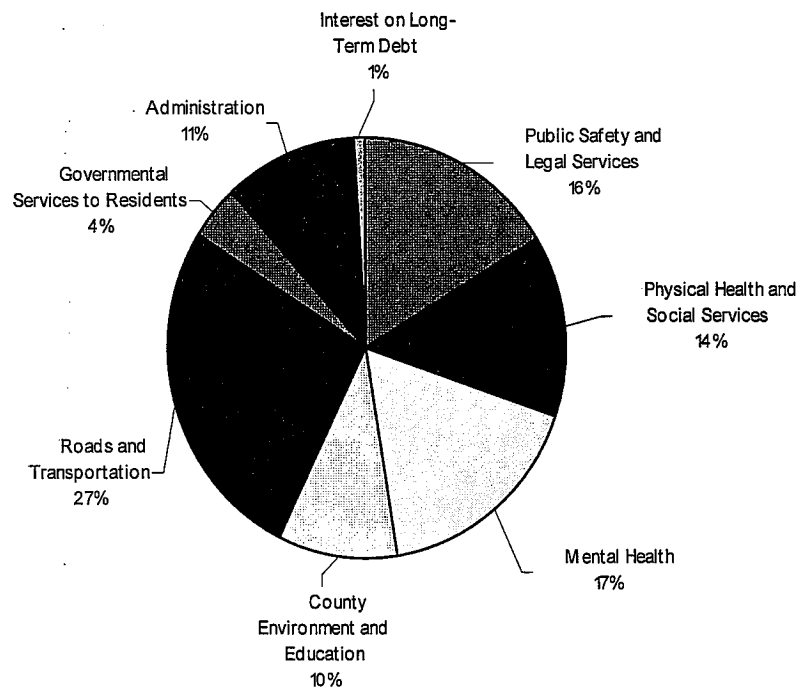
Changes in Net Assets of Governmental Funds and Business-Type Activities  
(Expressed in Thousands)

	Governmental Funds		Business-Type Activities		Total	
	Year Ended June 30,		Year Ended June 30,		Year Ended June 30,	
	2008	2007	2008	2007	2008	2007
<b>Revenues</b>						
Charges for Services	\$ 1,365	\$ 1,444			\$ 1,365	\$ 1,444
Operating Grants, Contributions, and Restricted Interest	3,131	3,279			3,131	3,279
Capital Grants, Contributions, and Restricted Interest	4,190	758	\$ 1,103		5,293	758
Property Tax	5,885	5,606			5,885	5,606
Penalty and Interest on Property Tax	51	58			51	58
State Tax Credits	316	285			316	285
Local Option Sales Tax	466	425			466	425
Unrestricted Investment Earnings	329	388			329	388
Other General Revenues	2,123	1,385			2,123	1,385
<b>Total Revenues</b>	<b>17,856</b>	<b>13,628</b>	<b>1,103</b>	<b>\$ -</b>	<b>18,959</b>	<b>13,628</b>
Public Safety and Legal Services	1,950	1,725			1,950	1,725
Physical Health and Social Services	1,675	1,475			1,675	1,475
Mental Health	2,022	1,825			2,022	1,825
County Environment and Education	1,189	1,051			1,189	1,051
Roads and Transportation	5,545	4,441			5,545	4,441
Governmental Services to Residents	485	433			485	433
Administration	1,272	1,355			1,272	1,355
Interest on Long-Term Debt	115	136			115	136
<b>Total Expenses</b>	<b>14,253</b>	<b>12,441</b>	<b>-</b>	<b>-</b>	<b>14,253</b>	<b>12,441</b>
<b>Increase in Net Assets</b>	<b>3,603</b>	<b>1,187</b>	<b>1,103</b>	<b>-</b>	<b>4,706</b>	<b>1,187</b>
<b>Net Assets Beginning of Year as Restated</b>	<b>31,339</b>	<b>30,152</b>	<b>132</b>	<b>-</b>	<b>31,471</b>	<b>30,152</b>
<b>Net Assets End of Year</b>	<b>\$ 34,942</b>	<b>\$ 31,339</b>	<b>\$ 1,235</b>	<b>\$ -</b>	<b>\$ 36,177</b>	<b>\$ 31,339</b>

### Revenues by Source



### Expenses by Source



Harrison County's January 1, 2006 taxable valuation (payable in fiscal year 2007-08) was \$557,810,455, an increase of \$10,246,233 from the previous year.

Harrison County increased their levy rate per \$1000 by \$0.37609 as shown on the following chart of property tax rates from fiscal year ending June 30, 2007 to fiscal year ending June 30, 2008.

	FY08	FY07
General Basic/General Supplemental	6.66344	6.55588
MH-DD	1.65031	1.36970
Rural Basic	3.29866	3.29866
Debt Service	<u>0.41934</u>	<u>0.43142</u>
TOTAL	<u>12.03175</u>	<u>11.65566</u>

## INDIVIDUAL MAJOR FUND ANALYSIS

As Harrison County completed the year, its governmental funds reported a combined fund balance of \$10,855,969. This is \$564,800 more than the combined fund balance of the fiscal year ending June 30, 2007 fund.

The General fund ended the year with a balance of \$3,521,116, a \$1,382 decrease from the FY07 balance. This is mostly due to a \$60,459 decrease in intergovernmental revenues, a \$146,082 decrease in charges for services compared to the prior year. These increases were partly offset by an increase in property tax revenues of \$96,630 and \$58,224 in miscellaneous revenues. Expenses increased by \$222,724 compare to prior year.

The MH-DD fund had an ending balance of \$(106,308). This is an increase of \$146,323 from the previous year. This is mostly due to tax revenues increased by over \$789,000, the fund's expenses increased by \$220,000 due to an overall increase in demand for services (especially elderly services), and increased fuel costs in transporting county residents under care.

The Rural Services fund had an ending balance of \$1,507,233. This is a \$17,111 increase from the previous year. Overall, revenues increased by \$15,135 and expenses decreased \$67,923.

The Secondary Roads fund had an ending balance of \$4,710,489 which was a \$535,913 increase from FY07. The increase is due to the increase in reserve for inventory.

The Debt Service fund had an ending balance of \$819,418. In FY07, the ending fund balance was \$1,005,034. The fund's decrease is due to debt expenditures still exceed the fund's property tax and state credit income.

The Shadow Valley TIF fund had an ending balance of \$63,738, which was a \$12,077 increase from FY07. This increase is similar to the increase in FY07, in that property tax income continues to exceed the fund's expenditures.

## GENERAL BUDGETARY HIGHLIGHTS

The Harrison County budget was amended on May 8, 2008. The amendment included increasing the revenues by \$2,777,481, when broken down reflects an increase of \$373,922 for Intergovernmental revenues; \$16,416 for Charges for Service; \$100,000 for Interest Income; \$9,946 for Miscellaneous; and \$2,277,197 for General Long-Term Issuance of Debt and Grant Proceeds for the Little Sioux/River Sioux Sewer Project.

On the expense side, the amendment increases included \$61,157 for Public Safety; \$77,477 for Physical Health & Social Services; \$204,375 for MH-DD; \$15,000 for County Environment & Education; \$51,800 for Governmental Services; \$86,200 for Administration; and \$2,277,197 for Capital Projects for the Little Sioux/River Sioux Sewer Project for a grand total of \$2,773,206.

Even with the budget amendment, the County exceeded the budgeted amounts in the Mental Health Services, Roads and Transportation, Administrative Services and Debt Service functions.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2008, Harrison County had approximately \$4,371,600 invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of approximately \$5,798,000 or 14%, over last year.

Capital Assets at Year End (Expressed in Thousands)						
	Governmental Funds		Business-Type Activities		Totals	
	June 30,		June 30,		June 30,	
	2008	2007	2008	2007	2008	2007
Land	\$ 1,808	\$ 1,768			\$ 1,808	\$ 1,768
Construction in Progress	1,320	557	\$ 2,074	\$ 185	3,394	742
Buildings and Improvements	4,993	4,993			4,993	4,993
Equipment and Vehicles	7,561	7,361			7,561	7,361
Infrastructure	28,034	25,128			28,034	25,128
<b>Total</b>	<b>\$ 43,716</b>	<b>\$ 39,807</b>	<b>\$ 2,074</b>	<b>\$ 185</b>	<b>\$ 45,790</b>	<b>\$ 39,992</b>

The County had depreciation expense of \$1,628,364 in fiscal 2008 and total accumulated depreciation of \$16,986,642 at June 30, 2008. More detailed information about the County's capital assets is presented in Note 7 to the financial statements

### Debt

Harrison County had the following general obligation bonds outstanding at the end of FY08.

Outstanding Debt at Year End (Expressed in Thousands)						
	Governmental Funds		Business-Type Activities		Totals	
	June 30,		June 30,		June 30,	
	2008	2007	2008	2007	2008	2007
<b>General Obligation Bonds:</b>						
Law Enforcement Center	\$ 920	\$ 1,050			\$ 920	\$ 1,050
Solid Waste Disposal	780	950			780	950
Solid Waste Disposal	50	60			50	60
HVAC System	355	410			355	410
<b>Capital Loans:</b>						
USDA Sewer Revenue Note			\$ 300		300	-
USDA Sewer Revenue Note			458		458	-
<b>Total</b>	<b>\$ 2,105</b>	<b>\$ 2,470</b>	<b>\$ 758</b>	<b>\$ -</b>	<b>\$ 2,863</b>	<b>\$ 2,470</b>

The bonds for the Solid Waste Disposal are for the Harrison County Landfill Commission. They are operated under a 28E agreement among the County and all 10 cities within the County. The Harrison County Landfill Commission is responsible for their debt. However, because these notes are General Obligation debt, the County will record all debt and related payments to their annual financial report and record an offsetting receivable in the Debt Service Fund.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

Harrison County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2009 budget, tax rates and the fees charged for various County activities. Taxable valuations were a little higher than last year's levels.

The estimated July 1, 2007 population of Harrison County was 15,409, a decrease of 336 from the 15,666 as reported on the 2000 census. Harrison County has a labor force of 8,080 and an unemployment rate of 4.4% as reported on the December, 2008 monthly report by the Iowa Workforce Development.

## **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Harrison County's finances and to show the County's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Harrison County Auditor's Office, 111 North Second Ave., Logan, IA 51546.

**HARRISON COUNTY, IOWA**  
**Statement of Net Assets**  
**June 30, 2008**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Pooled Investments	\$ 7,379,578		\$ 7,379,578
Receivables			
Accounts	121,482		121,482
Property Tax			
Delinquent	9,810		9,810
Succeeding Year	6,309,381		6,309,381
Accrued Interest	39,916		39,916
Notes (Note 11)	830,000		830,000
Drainage Assessments	91,717		91,717
Interfund Balances	72,040	\$ (72,040)	-
Due from Other Governments	467,134	180,374	647,508
Inventories	2,727,150		2,727,150
Prepaid Maintenance	29,340		29,340
Prepaid Insurance	129,714		129,714
Bond Issuance Costs	5,390		5,390
Construction in Progress (Note 7)	1,320,238	2,073,869	3,394,107
Land (Note 7)	1,807,501		1,807,501
Infrastructure, Property and Equipment, Net of Accumulated Depreciation (Note 7)	23,600,929		23,600,929
<b>Total Assets</b>	<b>44,941,320</b>	<b>2,182,203</b>	<b>47,123,523</b>
<b>LIABILITIES</b>			
Accounts Payable	799,121	188,799	987,920
Accrued Interest Payable	11,709		11,709
Salaries and Benefits Payable	94,846		94,846
Due to Other Governments (Note 8)	45,897		45,897
Deferred Revenue:			
Succeeding Year Property Tax	6,309,381		6,309,381
Long-Term Liabilities (Note 9)			
Portion Due or Payable Within One Year			
General Obligation Bonds	380,000		380,000
Compensated Absences	346,693		346,693
Portion Due or Payable After One Year			
General Obligation Bonds	1,725,000	758,000	2,483,000
Compensated Absences	287,513		287,513
<b>Total Liabilities</b>	<b>10,000,160</b>	<b>946,799</b>	<b>10,946,959</b>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt (Note 7)	24,623,668	1,315,869	25,939,537
Restricted for			
Drainage Warrants	152,770		152,770
Debt Service	813,921		813,921
Conservation Land Acquisition	97,217		97,217
Unrestricted	9,253,584	(80,465)	9,173,119
<b>Total Net Assets</b>	<b>\$ 34,941,160</b>	<b>\$ 1,235,404</b>	<b>\$ 36,176,564</b>

See Accompanying Notes to Financial Statements

**HARRISON COUNTY, IOWA**  
**Statement of Activities**  
**For the Year Ended June 30, 2008**

			Program Revenues	
			Operating Grants Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
	Expenses	Charges for Services		
<b>Functions/Programs</b>				
Governmental Activities				
Public Safety and Legal Services	\$ 1,949,573	\$ 170,935		
Physical Health and Social Services	1,674,724	654,445	\$ 465,138	
Mental Health	2,022,201	72,789		
County Environment and Education	1,189,241	25,821	16,772	\$ 327,461
Roads and Transportation	5,545,318		2,649,128	3,862,653
Government Services to Residents	485,152	431,562		
Administrative Services	1,272,609	9,806		
Interest on Long-Term Debt	114,811			
Total Governmental Activities	<u>14,253,629</u>	<u>1,365,358</u>	<u>3,131,038</u>	<u>4,190,114</u>
<b>Business-Type Activity</b>				
Waste Water				1,102,972
Total Business-Type Activity				<u>1,102,972</u>
Total Primary Government	<u>\$ 14,253,629</u>	<u>\$ 1,365,358</u>	<u>\$ 3,131,038</u>	<u>\$ 5,293,086</u>

**General Revenues**

Property and Other County Tax Levied for  
General Purpose  
Debt Service  
Penalty and Interest on Property Tax  
State Tax Credits  
Local Option Sales Tax  
Unrestricted Intergovernmental Revenue  
Unrestricted Investment Earnings  
Miscellaneous  
Total General Revenues  
Change in Net Assets  
Net Assets - Beginning of Year  
Prior Period Adjustment (Note 15)  
Net Assets - Beginning of Year as Restated  
  
Net Assets - End of Year

See Accompanying Notes to Financial Statements

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activity	Total
\$ (1,778,638)		\$ (1,778,638)
(555,141)		(555,141)
(1,949,412)		(1,949,412)
(819,187)		(819,187)
966,463		966,463
(53,590)		(53,590)
(1,262,803)		(1,262,803)
(114,811)		(114,811)
<u>(5,567,119)</u>		<u>(5,567,119)</u>
	\$ 1,102,972	1,102,972
	<u>1,102,972</u>	<u>1,102,972</u>
<u>(5,567,119)</u>	<u>1,102,972</u>	<u>(4,464,147)</u>
5,658,983		5,658,983
225,522		225,522
50,829		50,829
315,906		315,906
465,664		465,664
1,231,310		1,231,310
329,746		329,746
891,519		891,519
<u>9,169,479</u>	<u>-</u>	<u>9,169,479</u>
3,602,360	1,102,972	4,705,332
31,286,228	-	31,286,228
52,572	132,432	185,004
<u>31,338,800</u>	<u>132,432</u>	<u>31,471,232</u>
<u>\$ 34,941,160</u>	<u>\$ 1,235,404</u>	<u>\$ 36,176,564</u>



**HARRISON COUNTY, IOWA**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2008**

		June 30, 2000		
		Special Revenue Funds		
		General	Rural Services	Secondary Roads
Assets				
Cash and Pooled Investments	\$	3,162,686	\$ 1,484,546	\$ 1,924,525
Receivables				
Future Property Taxes				
Accounts		88,522		
Property Tax				
Delinquent		7,722	896	
Succeeding Year		3,893,393	1,253,794	
Accrued Interest		39,916		
Notes				
Drainage Assessments				
Interfund Receivables		82,902		375
Due from Other Governments		164,696	22,650	278,978
Inventories				2,727,150
Prepaid Maintenance		29,340		
Prepaid Insurance		89,622		40,092
<b>Total Assets</b>		<u>7,558,799</u>	<u>2,761,886</u>	<u>4,971,120</u>
Liabilities and Fund Equity				
Liabilities				
Accounts Payable		87,098		206,735
Accrued Interest Payable				
Salaries and Benefits Payable		41,199		53,647
Interfund Payables		375		
Due to Other Governments		8,150		249
Deferred Revenue				
Succeeding Year Property Tax		3,893,393	1,253,794	
Other		7,468	859	
<b>Total Liabilities</b>		<u>4,037,683</u>	<u>1,254,653</u>	<u>260,631</u>
Fund Balances				
Reserved for				
Inventories				2,727,150
Note Receivable				
Prepaid Maintenance		29,340		
Prepaid Insurance		89,622		40,092
Drainage Warrants				
Conservation Land Acquisition				
Unreserved, Reported In				
General Fund		3,402,154		
Special Revenue Funds			1,507,233	1,943,247
Debt Service Fund				
<b>Total Fund Balances</b>		<u>3,521,116</u>	<u>1,507,233</u>	<u>4,710,489</u>
<b>Total Liabilities and Fund Balances</b>	\$	<u>7,558,799</u>	<u>2,761,886</u>	<u>4,971,120</u>

See Accompanying Notes to Financial Statements

Special Revenue Funds				
Mental Health	Shadow Valley TIF	Debt Service	Other Governmental Funds	Total
\$ 390,423	\$ 63,738		\$ 353,660	\$ 7,379,578
31,000			1,960	121,482
950		\$ 242		9,810
890,523	41,209	230,462		6,309,381
				39,916
		830,000		830,000
			91,717	91,717
				83,277
			810	467,134
				2,727,150
				29,340
				129,714
<u>1,312,896</u>	<u>104,947</u>	<u>1,060,704</u>	<u>448,147</u>	<u>18,218,499</u>
490,271			15,017	799,121
			860	860
				94,846
		10,862		11,237
37,498				45,897
890,523	41,209	230,462		6,309,381
912		232	91,717	101,188
<u>1,419,204</u>	<u>41,209</u>	<u>241,556</u>	<u>107,594</u>	<u>7,362,530</u>
				2,727,150
		830,000		830,000
				29,340
				129,714
			61,053	61,053
			97,217	97,217
				3,402,154
(106,308)	63,738		182,283	3,590,193
		(10,852)		(10,852)
<u>(106,308)</u>	<u>63,738</u>	<u>819,148</u>	<u>340,553</u>	<u>10,855,969</u>
<u>\$ 1,312,896</u>	<u>\$ 104,947</u>	<u>\$ 1,060,704</u>	<u>\$ 448,147</u>	<u>\$ 18,218,499</u>

**HARRISON COUNTY, IOWA**  
**Reconciliation of The Balance Sheet of Governmental Funds**  
**To The Statement of Net Assets**  
**June 30, 2008**

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Total Governmental Fund Balances (page 15)	\$	10,855,969
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Amounts reported for governmental activities in the statement of net assets are different because:

Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of these assets are \$43,715,311 and the accumulated depreciation is \$16,986,643.		26,728,668
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Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds. This is current deferred revenue on delinquent property tax.		101,188
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Bond issue cost is reported in the governmental activities but are not reported in the funds as they do not provide current economic resources.		5,390
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Accrued interest payable is not due in the current period and, therefore, is not reported in the funds.		(10,849)
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The following long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Long-term debt		(2,105,000)
Compensated absences payable		(634,206)

Total Net Assets - Governmental Activities (page 12)	\$	34,941,160
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**HARRISON COUNTY, IOWA**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2008**

	General	Special Revenue	
		Rural Services	Secondary Roads
Revenue			
Property and Other County Tax	\$ 3,529,762	\$ 1,213,424	
Penalty and Interest on Property Tax	50,829		
Local Option Sales Tax		116,435	\$ 349,229
Intergovernmental Revenue	658,445	62,925	2,855,789
Licenses and Permits	23,574		
Charges for Services	1,312,226		4,143
Use of Money and Property	324,931		
Miscellaneous	139,090	1,601	481,742
Total Revenue	<u>6,038,857</u>	<u>1,394,385</u>	<u>3,690,903</u>
Expenditures			
Current			
Public Safety and Legal Services	1,865,471		
Physical Health and Social Services	1,711,280		
Mental Health			
County Environment and Education Services	656,090	205,725	
Roads and Transportation			5,065,406
Governmental Services to Residents	484,491		
Administrative Services	1,227,716	58,549	
Debt Service			
Principal			
Interest			
Total Expenditures	<u>5,945,048</u>	<u>264,274</u>	<u>5,065,406</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>93,809</u>	<u>1,130,111</u>	<u>(1,374,503)</u>
Other Financing Sources (Uses)			
Transfers In			1,203,800
Transfers Out	(90,800)	(1,113,000)	
Total Other Financing Sources (Uses)	<u>(90,800)</u>	<u>(1,113,000)</u>	<u>1,203,800</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	3,009	17,111	(170,703)
Fund Balances (Deficit) - Beginning of Year	3,522,498	1,490,122	4,345,279
Prior Period Adjustment (Note 15)			
Fund Balances (Deficit) - Beginning of Year as Restated	<u>3,522,498</u>	<u>1,490,122</u>	<u>4,345,279</u>
Increase in Reserve for Inventory			535,913
(Decrease) in Reserve for Prepaid Maintenance	(1,360)		
Increase in Reserve for Prepaid Insurance	1,929		
(Decrease) in Reserve for Prepaids	(4,960)		
Fund Balances (Deficit) - End of Year	<u>\$ 3,521,116</u>	<u>\$ 1,507,233</u>	<u>\$ 4,710,489</u>

See Accompanying Notes to Financial Statements

Special Revenue					
Mental Health	Shadow Valley TIF	Debt Service	Capital Projects	Other Governmental Funds	Total
\$ 874,173	\$ 32,385	\$ 225,290			\$ 5,875,034
					50,829
					465,664
1,262,228		12,362		\$ 342,254	5,194,003
					23,574
				29,558	1,345,927
				4,815	329,746
32,123		58,608		100,868	814,032
<u>2,168,524</u>	<u>32,385</u>	<u>296,260</u>	<u>-</u>	<u>477,495</u>	<u>14,098,809</u>
					1,865,471
					1,711,280
2,022,201					2,022,201
	20,308			313,935	1,196,058
					5,065,406
					484,491
		1,600		4,806	1,292,671
		365,000			365,000
		115,546			115,546
<u>2,022,201</u>	<u>20,308</u>	<u>482,146</u>	<u>-</u>	<u>318,741</u>	<u>14,118,124</u>
<u>146,323</u>	<u>12,077</u>	<u>(185,886)</u>	<u>-</u>	<u>158,754</u>	<u>(19,315)</u>
					1,203,800
					(1,203,800)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
146,323	12,077	(185,886)	-	158,754	(19,315)
(252,631)	51,661	1,005,034	\$ (52,572)	181,799	10,291,190
			52,572		52,572
<u>(252,631)</u>	<u>51,661</u>	<u>1,005,034</u>	<u>-</u>	<u>181,799</u>	<u>10,343,762</u>
					535,913
					(1,360)
					1,929
					(4,960)
<u>\$ (106,308)</u>	<u>\$ 63,738</u>	<u>\$ 819,148</u>	<u>\$ -</u>	<u>\$ 340,553</u>	<u>\$ 10,855,969</u>

**HARRISON COUNTY, IOWA**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2008**

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Net Change in Fund Balances - Total Governmental Funds (page 19) \$ 512,207

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays, including infrastructure, as expenditures while governmental activities report depreciation expense to allocate those expenditures over the estimated useful life of the asset. Capital outlays exceeded depreciation expense in the current year as follows:

Expenditures for capital assets	\$ 4,234,838	
Depreciation expense	<u>(1,628,364)</u>	2,606,474

Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are deferred in the governmental funds.

Property Tax		101,188
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Payment of certain expenditures are recorded in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

Principal Payments	\$ 365,000	
Compensated Absences	<u>17,736</u>	382,736

The effect of bond issuance cost when new debt is issued, whereas, these amounts are deferred and amortized in the Statement of Activities

(980)

Some expenses are an expenditure in the governmental funds, but the payment reduces liabilities in the Statement of Net Assets.

Interest on long-term debt		<u>735</u>
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Change in Net Assets of Governmental Activities (page 14)		<u><u>\$ 3,602,360</u></u>
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**HARRISON COUNTY, IOWA**  
**Statement of Net Assets**  
**Proprietary Fund**  
**June 30, 2008**

	<u>Business Type Activity</u>
	<u>Water and Waster Water Disposal System</u>
<b>Assets</b>	
Current Assets:	
Due from Other Governments	\$ 180,374
Total Current Assets	<u>180,374</u>
Noncurrent Assets:	
Construction in Progress	<u>2,073,869</u>
Total Noncurrent Assets	<u>2,073,869</u>
Total Assets	<u>2,254,243</u>
<b>Liabilities</b>	
Current Liabilities:	
Vouchers and Accounts Payable	188,799
Due to Other Funds	<u>72,040</u>
Total Current Liabilities	<u>260,839</u>
Noncurrent Liabilities:	
Bonds Payable	<u>758,000</u>
Total Noncurrent Liabilities	<u>758,000</u>
Total Liabilities	<u>1,018,839</u>
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	1,315,869
Unrestricted	<u>(80,465)</u>
Total Net Assets	<u>\$ 1,235,404</u>

See Accompanying Notes to Financial Statements

**HARRISON COUNTY, IOWA**  
**Statement of Revenue, Expenses and Changes in Net Assets**  
**Proprietary Fund**  
**For the Year Ended June 30, 2008**

	<u>Business Type Activity</u>
	<u>Water and Waster Water Disposal System</u>
Operating Revenues:	
None	
Operating Expenses:	
None	
Total Operating Expenses	-
Operating Income	-
Non-Operating Income:	
Grant Reimbursement	\$ 1,102,972
Total Non-Operating Income	1,102,972
Income before Transfers	1,102,972
Change in Net Assets	1,102,972
Net Assets - Beginning of Year	-
Prior Period Adjustment (Note 15)	132,432
Net Assets - Beginning of Year as Restated	132,432
Net Assets - End of Year	\$ 1,235,404

See Accompanying Notes to Financial Statements



**HARRISON COUNTY, IOWA**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**For the Year Ended June 30, 2008**

	<u>Business Type Activity</u>
	<u>Water and Waster Water Disposal System</u>
<b>Cash Flows from Operating Activities</b>	
None	
<b>Cash Flows from Noncapital Financing Activities</b>	
None	
<b>Cash Flows from Capital and Related Financing Activities</b>	
Acquisition and Construction of Capital Assets	\$ (1,791,629)
Grants Received	923,896
Bond Paid	(755,000)
Loan Proceeds	758,000
Increase in Due to Other Funds	72,040
Net Cash (Used) by Related Financing Activities	<u>(792,693)</u>
Net (Decrease) in Cash and Cash Equivalents	(792,693)
Cash and Cash Equivalents at Beginning of Year	\$ 792,693
Cash and Cash Equivalents at End of Year	<u><u>-</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	
None	
Total Adjustments	<u>-</u>
Net Cash Provided by Operating Activities	<u><u>-</u></u>

**HARRISON COUNTY, IOWA**  
**Statement of Fiduciary Assets and Liabilities**  
**Agency Funds**  
**June 30, 2008**

**Assets**

Cash and Pooled Investments	
County Treasurer	\$ 1,110,736
Other County Officials	46,466
Receivables	
Accounts	24,635
Property Tax	
Delinquent	15,968
Succeeding Year	13,474,752
Special Assessments	11,369
Future Drainage Assessments	294,912
Prepaid Insurance	2,903
Total Assets	<u>14,981,741</u>

**Liabilities**

Accounts Payable	167,966
Accrued Interest Payable	1,174
Salaries and Benefits Payable	7,062
Due to Other Governments	14,785,651
Trusts Payable	19,888
Total Liabilities	<u>\$ 14,981,741</u>

**HARRISON COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2008**

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**Note 1 – Summary of Significant Accounting Policies**

Harrison County, Iowa is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff, and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance, and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

- A. Reporting Entity** - For financial reporting purposes, Harrison County has included all funds, organizations, account groups, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the County.

These financial statements present Harrison County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units – The following component units are entities that are legally separate from the County but are so intertwined with the County that they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Certain drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the Harrison County Board of Supervisors. These drainage districts are reported as a Special Revenue Fund. The County has other drainage districts that are managed and supervised by elected trustees. The financial transactions of these districts are reported as an Agency Fund. Financial information of the individual drainage districts can be obtained from the Harrison County Auditor's office.

Jointly Governed Organizations - The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments.

**HARRISON COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2008**

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**Note 1 – Summary of Significant Accounting Policies - (Continued)**

The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Harrison County Assessor's Conference Board, Region XIII Southwest Iowa Planning Council (SWIPCO), Harrison County Emergency Management Commission, Harrison County Joint E-911 Service Board, Harrison County Landfill Commission and Multi-County 28E Agreement Regarding Juvenile Detention Center and Emergency Juvenile Services. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organizations and, as such, are reported in Agency Funds of the County.

**B. Basis of Presentation**

Government-Wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues, and other nonexchange transactions, reported separately from business-type activities, which rely to a significant extent on fees and charges for services. The County's general, special revenue, debt service, and remaining nonmajor governmental funds are classified as governmental activities. The water and waste water disposal system fund is classified as the business-type activity.

The Statement of Net Assets presents the County's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories.

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

**HARRISON COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2008**

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**Note 1 – Summary of Significant Accounting Policies - (Continued)**

Fund Financial Statements – Separate financial statements are provided for governmental funds, proprietary fund, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The County reports the following governmental funds and business-type activity:

General Fund - The General Fund is the general operating fund of the County. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue

1. The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the county outside of incorporated city areas.
2. The Secondary Roads Fund is used to account for secondary road construction and maintenance.
3. The Mental Health Fund is used to account for property tax and other revenues designated to be used to fund mental health, mental retardation, and developmental disabilities services.
4. Shadow Valley TIF is used to account for tax increments financial revenues for the Shadow Valley TIF district.

Debt Service Fund - The Debt Service Fund is utilized to account for the payment of interest and principal on the County's general long-term debt.

Proprietary Fund – The Enterprise Fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis should be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The County maintains this business-type activity. The major enterprise fund is as follows:

1. The Water and Waste Disposal System Fund is used to account for the collection of fees from users to pay for the bonds that were issued to construct the water and waste disposal system for Little Sioux and River Sioux communities.

**HARRISON COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2008**

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**Note 1 – Summary of Significant Accounting Policies - (Continued)**

Fiduciary Funds – The Trust and Agency Funds are used to account for assets received and held by the County in a trustee capacity or as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds. These include Expendable Trust Funds and Agency Funds. Expendable Trust Funds are accounted for in essentially the same manner as Governmental Funds. Agency Funds are custodial in nature, assets equal liabilities, and do not involve measurement of results of operations.

1. Board of Supervisors, County Recorder, County Sheriff, Agricultural Extension, County Assessor, Schools, Area Schools, Corporations, Townships, Future Tax Payments, Auto License and Use Tax, City Special Assessment, Brucellosis and Tuberculosis Eradication, Drainage District, Emergency Management Services, Rural Tax Sale Redemption, E-911 Service Commission, Preservation Commission, Cafeteria Plan, Driver's License Trust, Future Tax Holding, Self Funded Health Insurance - To account for the collection of various revenue sources, including property taxes, auto licenses, payroll withholding, and special assessments, and the apportioning and disbursing of such funds to the applicable taxing authorities.

**C. Measurement Focus and Basis of Accounting**

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide financial statements and the proprietary funds are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days after the year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

**HARRISON COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2008**

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**Note 1 – Summary of Significant Accounting Policies - (Continued)**

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursements grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursements grant resources to such programs, followed by categorical block grants, and then by general revenues.

The proprietary fund of the County applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for services. Operating expenses of the enterprise fund include costs of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

**D. Assets, Liabilities, and Fund Equity**

Cash and Temporary Investments - The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors and the Treasurer of the State of Iowa; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Property Tax Receivable – Property tax in Governmental Funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the County Board of Supervisors. Delinquent property taxes receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding

**HARRISON COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2008**

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**Note 1 – Summary of Significant Accounting Policies - (Continued)**

year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2006 assessed property valuations; is for the tax accrual period July 1, 2007 through June 30, 2008 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2007.

Interest and Penalty on Property Tax Receivable – Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Drainage Assessments Receivable - Drainage assessments receivable represent amounts assessed to individuals for work done on drainage districts which benefit their property. These assessments are payable by individuals in not less than 10 nor more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Drainage assessments receivable represent assessments which are due and payable but have not been collected. Future drainage assessments receivable represent amounts which will be assessed to individuals and levied against their property in the future for work already done on drainage districts which benefit their property.

Interfund Activity - During the course of operations, the County has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2008, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Due From Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories in the Special Revenue Funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventories in the governmental fund financial statements are equally offset by a fund balance reserve which indicates that they are not available to liquidate current obligations.

Capital Assets – Capital assets, which include property, equipment and vehicles, and infrastructure assets (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the government), are reported in the governmental activities column in the government-wide statement of net assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County



**HARRISON COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2008**

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**Note 1 – Summary of Significant Accounting Policies - (Continued)**

as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years. The Enterprise Fund consists only of construction in progress which will begin depreciating once the assets are placed in service.

Infrastructure	\$ 50,000
Land, Buildings and Improvements	5,000
Equipment and Vehicles	5,000

Property and equipment of the County is depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings and Improvements	25 – 50
Infrastructure	10 – 65
Equipment	3 – 20
Vehicles	5 – 15

Due To Other Governments - Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable - Trusts payable represent amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Deferred revenue represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds, the succeeding year property tax receivable, as well as delinquent property tax receivables, and other receivables not collected within sixty days after year end.

Deferred revenue on the statement of net assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and unspent grant proceeds.

Compensated Absences and Related Employee Benefits – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2008. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services, and Secondary Roads Funds.

**HARRISON COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2008**

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**Note 1 – Summary of Significant Accounting Policies - (Continued)**

Long-Term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**E. Budgets and Budgetary Accounting**

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2008, disbursements exceeded the amounts budgeted in the Mental Health, Roads and Transportation, Administrative Services and Debt Service functions.

**Note 2 – Cash and Pooled Investments**

The County's deposits at June 30, 2008 were entirely covered by federal depository insurance collateralized with securities or letter of credit held by the County or the County's agent in the County's name, or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

**Note 3 – Pension and Retirement**

Iowa Public Employees Retirement System -The County contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits, which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 3.90% of their annual salary and the County is required to contribute 6.05% of annual covered payroll except for law enforcement employees, in which case the percentages are 7.70% and 8.37%, respectively and protected occupations such as the conservation department, whose percentages are 6.16% and 9.23%, respectively. Contribution requirements are established by State statute. The County's contributions to IPERS for the years ended June 30, 2008, 2007 and 2006 were \$278,361, \$259,356 and \$245,703, respectively, equal to the required contributions for each year.

**HARRISON COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2008**

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**Note 4 – Local Government Risk Pool**

Harrison County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool with over 556 members that include various entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property and inland marine. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 300 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contribution to the Pool for the year ended June 30, 2008 was \$230,620.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public official's liability risk up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$5,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event of casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the members' risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2008, no liability has been recorded in the County's financial statements. As of June 30, 2008, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

**HARRISON COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2008**

**Note 4 – Local Government Risk Pool - (Continued)**

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. After the sixth year, the member is refunded 100 percent of its capital contributions; however, the refund is reduced by an amount equal to the annual operating contribution, which the withdrawing member would have made for the one-year period following withdrawal.

The County also carries commercial insurance purchased from other insurers for coverage associated with the employee blanket bond. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The County also participates in the Iowa Municipalities Workers' Compensation Association (IMWCA) for Workman's Compensation insurance.

**Note 5 – Interfund Receivables and Payables**

The detail of interfund receivables and payables at June 30, 2008 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Waste Water	\$ 72,040
General Fund	Debt Service	10,862
Secondary Roads	General Fund	375
Total		<u>\$ 83,277</u>

**Note 6 – Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2008 is as follows:

<u>Transfers To</u>	<u>Transfer From</u>	<u>Amount</u>
Special Revenue -		
Secondary Roads	General	\$ 90,800
Secondary Roads	Special Revenue – Rural Services	1,113,000
Total Transfers		<u>\$ 1,203,800</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

**Note 7 – Capital Assets**

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
<b>Governmental Activities:</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 1,767,815	\$ 39,686		\$ 1,807,501
Construction in Progress	<u>556,650</u>	<u>1,320,238</u>	<u>\$ 556,650</u>	<u>1,320,238</u>
Total Capital Assets Not Being Depreciated	<u>\$ 2,324,465</u>	<u>\$ 1,359,924</u>	<u>\$ 556,650</u>	<u>\$ 3,127,739</u>

**HARRISON COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2008**

**Note 7 – Capital Assets - (Continued)**

Capital Assets Being Depreciated:

Buildings	\$ 4,993,252			\$ 4,993,252
Machinery and Equipment	7,361,309	\$ 517,480	\$ 318,284	7,560,505
Infrastructure	<u>25,128,478</u>	<u>2,905,336</u>		<u>28,033,814</u>
Total Capital Assets Being Depreciated	\$ 37,483,039	3,422,816	318,284	40,587,571

Less Accumulated Depreciation for:

Buildings	1,386,287	142,183		1,528,470
Machinery and Equipment	3,499,482	546,147	\$ 318,284	3,727,345
Infrastructure	<u>10,790,793</u>	<u>940,034</u>		<u>11,730,827</u>
Total Accumulated Depreciation	<u>15,676,562</u>	<u>1,628,364</u>	<u>318,284</u>	<u>16,986,642</u>
Total Capital Assets Being Depreciated, Net	<u>21,806,477</u>	<u>1,794,452</u>	-	<u>23,600,929</u>
Governmental Activities Capital Assets, Net	<u>\$ 24,130,942</u>	<u>\$ 3,154,376</u>	<u>\$ 556,650</u>	<u>\$ 26,728,668</u>

**Business-Type Activity:**

Capital Assets Not Being Depreciated:

Construction in Progress	\$ <u>185,002</u>	\$ <u>1,888,867</u>	-	\$ <u>2,073,869</u>
Total Capital Assets Not Being Depreciated	<u>185,002</u>	<u>1,888,867</u>	-	<u>2,073,869</u>
Business-Type Activities, Net	<u>\$ 185,002</u>	<u>\$ 1,888,867</u>	-	<u>\$ 2,073,869</u>

Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities:

Public Safety and Legal Services	\$ 105,678
Physical Health and Social Services	28,251
County Environment and Education Services	47,673
Roads and Transportation	1,376,528
Administrative Services	<u>70,234</u>
Total Depreciation Expense – Governmental Activities	\$ <u>1,628,364</u>

**Governmental Activities:**

Net Assets Invested in Capital Assets Net of Related Debt:

Land	\$ 1,807,501
Construction in Progress	1,320,238
Infrastructure, Property and Equipment Net of Accumulated Depreciation	<u>23,600,929</u>
Governmental Activities Capital Assets, Net	<u>26,728,668</u>

General Obligation Bonds Outstanding:

Correction Facility Bonds	920,000
Geothermal System Bonds	<u>1,185,000</u>
	<u>2,105,000</u>

Net Assets Invested in Capital Assets Net of Related Debt \$ 24,623,668

**Business-Type Activity:**

Net Assets Invested in Capital Assets Net of Related Debt:

Construction in Progress	\$ 2,073,869
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General Long Term Loans Outstanding:

USDA Sewer Capital Loans	<u>758,000</u>
Net Assets Invested in Capital Assets Net of Related Debt	<u>\$ 1,315,869</u>

**HARRISON COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2008**

**Note 7 – Capital Assets - (Continued)**

Capitalized Interest Cost – Interest cost incurred on funds used to finance the construction of the water and waste water disposal system in the Little Sioux and River Sioux communities is capitalized and recorded as part of construction in progress and is amortized over the asset's estimated useful life. \$32,498 was capitalized during fiscal 2008.

**Note 8 – Due to Other Governments**

The County purchases services from other governmental units and also acts as fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments is as follows:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
<u>Governmental Funds</u>		
General	Services	\$ 8,150
Special Revenue		
Secondary Roads	Services	249
Mental Health	Services	<u>37,498</u>
Total for Governmental Funds		\$ <u>45,897</u>
<u>Agency Funds</u>		
County Assessor Collections		\$ 228,578
Schools		9,461,888
Community Colleges		481,806
Corporations		3,151,783
Townships		244,710
Auto License and Use Tax		283,079
All Other		<u>933,807</u>
Total for Agency Funds		\$ <u>14,785,651</u>

**Note 9 – Changes in Long-Term Debt**

A summary of changes in long-term debt for the year ended June 30, 2008 is as follows:

	<u>Compensated Absences</u>	<u>General Obligation Bonds</u>	<u>Bond Anticipation Notes</u>	<u>USDA Loans</u>	<u>Total</u>
Balance Beginning of Year	\$ 651,942	\$ 2,470,000	\$ 755,000		\$ 3,876,942
Increases	86,547			\$ 758,000	844,547
Reductions	<u>104,283</u>	<u>365,000</u>	<u>\$ 755,000</u>		<u>1,224,283</u>
Balance End of Year	\$ <u>634,206</u>	\$ <u>2,105,000</u>	<u>-</u>	\$ <u>758,000</u>	\$ <u>3,497,206</u>
Due in One Year	\$ <u>346,693</u>	\$ <u>380,000</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>726,693</u>

In July 1996, the County issued \$2,265,000 in General Obligation Solid Waste Disposal Capital Loan Notes to provide for long-term financing of Bond Anticipation Notes issued to construct facilities for the collection and disposal of solid waste.

**HARRISON COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2008**

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**Note 9 – Changes in Long-Term Debt - (Continued)**

In June 2000, the County issued \$500,000 in General Obligation Solid Waste Disposal Notes to provide long-term financing for the construction of the expansion of the Harrison County Landfill.

In May, 2002, the County issued \$100,000 in General Obligation Solid Waste Disposal Notes to finance the construction of an office building at the Harrison County Landfill. This debt will be financed by the Harrison County Landfill Commission, which executed an agreement with Harrison County to be responsible for all debt service payments. Because these notes are

General Obligation debt, the County will record all debt and related payments on their annual financial report and record an offsetting receivable in the Debt Service Fund (Note 12).

In February 1999, the County issued \$1,900,000 in General Obligation Bonds to finance the construction of the new Harrison County Law Enforcement Center in Logan, Iowa. The debt matures June, 2014.

In December 2003, the County issued \$560,000 in General Obligation bonds to finance the installation of a new HVAC System in the County Courthouse. The debt matures in December 2013.

In May 2007, the County issued \$755,000 in Bond Anticipation Notes to provide short-term financing for a local sewer project. The debt was paid off during the fiscal year.

In June 2008, the County obtained a loan of \$300,000 from the United States Department of Agriculture for the construction of a new water and waste disposal system in Little Sioux and River Sioux communities. The debt has an interest rate of 4.125% and matures July 1, 2047.

In June 2008, the County obtained a loan of \$458,000 from the United States Department of Agriculture for the construction of a new water and waste disposal system in Little Sioux and River Sioux communities. The debt has an interest rate of 4.25% and matures July 1, 2047.

The annual requirements to retire general obligation bonds and USDA loans are listed below. Interest rates range from 1.75% to 5.9%.

<b>Year Ending June 30,</b>	<b>General Obligation Principal</b>	<b>USDA Loans Principal</b>	<b>Interest</b>	<b>Total</b>
2009	\$ 380,000		\$ 101,823	\$ 481,823
2010	400,000		112,691	512,691
2011	425,000	\$ 8,439	93,276	526,715
2012	440,000	8,793	71,981	520,774
2013	225,000	9,163	49,554	283,717
2014 – 2018	235,000	51,919	158,292	445,211
2019 – 2023	-	63,777	137,618	201,395
2024 – 2028	-	78,345	123,050	201,395
2029 – 2033	-	96,240	105,155	201,395
2034 – 2038	\$ -	\$ 118,223	\$ 83,172	\$ 201,395

**HARRISON COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2008**

**Note 9 – Changes in Long-Term Debt - (Continued)**

2039 – 2043	\$	-	\$ 145,230	\$ 56,165	\$ 201,395
2044 – 2047		-	177,871	21,388	199,259
Total	\$	2,105,000	\$ 758,000	\$ 1,114,165	\$ 3,977,165

**Note 10 – Drainage Warrants**

Drainage warrants are warrants which are legally drawn on drainage district funds but are not paid for lack of funds, in accordance with Chapter 74 of the Code of Iowa. The warrants bear interest at rates in effect at the time the warrants are first presented. Warrants will be paid as funds are available.

Drainage warrants are paid from the Special Revenue Fund solely from drainage assessments against benefited properties.

**Note 11 – Deficit Fund Balances**

As of June 30, 2008, the following funds had deficit fund balances in the amounts shown:

Special Revenue:  
Mental Health           \$ 106,308

Business Type:  
Waste Disposal         \$ 80,465

The Mental Health deficit will be funded through future property tax collections. The Water and Waste Water Disposal System deficit will be funded through future user fees collected from customers.

**Note 12 – Notes Receivable**

Harrison County has issued general obligation bonds for the Harrison County Landfill Commission to finance expansion and building projects. The balance of these bonds is \$830,000 at June 30, 2008. The landfill reimburses the County for the bond and interest payments, with the interest ranging from 3.6% to 5.9%, see Note 9.

The bond payments constitute a receivable to the County and are recorded in the debt service fund. The future principal payments are listed below.

<b>Year Ending June 30.</b>	<b>Loan Principal</b>
2009	\$ 190,000
2010	200,000
2011	215,000
2012	<u>225,000</u>
Total	\$ <u>830,000</u>

**Note 13 – Local Government Guarantee**

The Harrison County Board of Supervisors participates in an agreement with the Harrison County Landfill Commission, a political subdivision created under Chapter 28F of the Code of Iowa. The purpose of the Commission includes providing economic disposal of solid waste produced or generated within the member counties and municipalities.



**HARRISON COUNTY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2008**

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**Note 13 – Local Government Guarantee- (Continued)**

State and federal laws and regulations require the Commission to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The closure and postclosure costs to the Commission have been estimated at \$1,214,206 and \$423,985 as of June 30, 2008.

The Commission has begun to accumulate resources to fund these closure costs, and at June 30, 2008 deposits of \$719,343 are held for these purposes. Since the commission is anticipated to accumulate the full amount of funds required for closure and postclosure during the life of the landfill, no liability has been recognized on the County's financial statements.

The County has provided a Local Government Guarantee for the closure and postclosure costs of the landfill as per Chapter 111.6(8) of the Iowa Administrative Code. The County's financial assurance obligation equals \$2,115,597 as of June 30, 2008.

**Note 14 – Contingencies & Commitments**

The County is currently involved in a legal matter that is being defended by its County Attorney. The liability if any associated with this matter is not determinable at June 30, 2008.

The County received a complaint filed with the Iowa Civil Rights Commission. This unresolved matter is being defended by its County Attorney. The liability if any associated with this matter is not determinable at June 30, 2008.

**Note 15 – Prior Period Adjustment**

Prior period adjustment on the Statement of Activities and on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds and the Combining Statement of Revenue, Expenses and Changes in Net Assets – Proprietary Fund was made to adjust the Fund Balances – Beginning of Year. The Capital Projects Fund was reclassified to the Water and Waste Water Disposal System Fund for the construction of the new system and record additional construction in progress.

	Capital Projects Fund	Proprietary Fund	Government-Wide	
			Governmental Activities	Business-Type Activities
Fund Balance/Net Assets at June 30, 2008	\$ (52,572)	\$ -	\$ 31,286,228	\$ -
Prior Period Adjustment	52,572	132,432	52,572	132,432
Revised Fund Balance/Net Assets at June 30, 2008	\$ -	\$ 132,432	\$ 31,338,800	\$ 132,432

**HARRISON COUNTY, IOWA**  
**Budgetary Comparison Schedule of Receipts, Disbursements and Changes in**  
**Balances - Budget and Actual (Cash Basis) - Governmental Funds and Business-Type Activities**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2008**

	Governmental Funds Actual	Business-Type Activities Actual	Total Actual
Receipts			
Property and Other County Tax	\$ 6,318,789		\$ 6,318,789
Interest and Penalty on Property Tax	55,117		55,117
Intergovernmental	5,946,892	\$ 923,896	6,870,788
Licenses and Permits	19,050		19,050
Charges for Service	465,901		465,901
Use of Money and Property	361,755		361,755
Miscellaneous	1,129,465		1,129,465
Total Receipts	<u>14,296,969</u>	<u>923,896</u>	<u>15,220,865</u>
Disbursements			
Public Safety and Legal Services	1,858,150		1,858,150
Physical Health and Social Services	1,716,327		1,716,327
Mental Health	1,986,477		1,986,477
County Environment and Education	822,042		822,042
Roads and Transportation	4,977,237		4,977,237
Government Services to Residents	482,433		482,433
Administrative Services	1,342,802		1,342,802
Debt Service	482,146	755,000	1,237,146
Capital Projects		1,791,629	1,791,629
Total Disbursements	<u>13,667,614</u>	<u>2,546,629</u>	<u>16,214,243</u>
Excess (Deficiency) of Receipts Over Disbursements	629,355	(1,622,733)	(993,378)
Loan Proceeds		<u>758,000</u>	
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Loan Proceeds	629,355	(864,733)	(993,378)
Balance Beginning of Year as Restated	<u>7,299,690</u>	<u>792,693</u>	<u>8,092,383</u>
Balance End of Year	<u>\$ 7,929,045</u>	<u>\$ (72,040)</u>	<u>\$ 7,099,005</u>

Budgeted Amounts		Final to Actual Variance - Positive (Negative)
Original	Final	
\$ 6,288,248	\$ 6,288,248	\$ 30,541
56,700	56,700	(1,583)
5,719,871	7,612,990	(742,202)
28,300	28,300	(9,250)
471,225	487,641	(21,740)
280,140	380,140	(18,385)
394,935	404,881	724,584
<u>13,239,419</u>	<u>15,258,900</u>	<u>(38,035)</u>
1,968,913	2,030,070	171,920
1,766,483	1,843,960	127,633
1,695,125	1,899,500	(86,977)
823,098	838,098	16,056
4,683,000	4,683,000	(294,237)
490,708	542,508	60,075
1,186,552	1,272,752	(70,050)
485,364	485,364	(751,782)
827,350	3,104,547	1,312,918
<u>13,926,593</u>	<u>16,699,799</u>	<u>485,556</u>
(687,174)	(1,440,899)	2,070,254
	758,000	(758,000)
(687,174)	(682,899)	1,312,254
<u>6,264,611</u>	<u>6,264,611</u>	<u>1,035,079</u>
<u>\$ 5,577,437</u>	<u>\$ 5,581,712</u>	<u>\$ 2,347,333</u>

**HARRISON COUNTY, IOWA**  
**Budgetary Comparison Schedule - Budget to GAAP Reconciliation**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2008**

	Governmental Fund Types		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 14,296,969	\$ (198,160)	\$ 14,098,809
Expenditures	13,667,614	450,510	14,118,124
Net	629,355	(648,670)	(19,315)
Loan Proceeds			-
Beginning Fund Balances	7,299,690	2,991,500	10,291,190
Prior Period Adjustment		52,572	52,572
Beginning Fund Balances as Restated	7,299,690	3,044,072	10,343,762
Increase in Reserve for Inventories		535,913	535,913
(Decrease) in Reserve for Prepaid Maintenance		(1,360)	(1,360)
Increase in Reserve for Prepaid Insurance		1,929	1,929
(Decrease) in Reserve for Prepaids		(4,960)	(4,960)
Ending Fund Balances	<u>\$ 7,929,045</u>	<u>\$ 2,926,924</u>	<u>\$ 10,855,969</u>

Business-Type Activity		
Cash Basis	Accrual Adjustments	Accrual Basis
\$ 923,896	\$ 179,076	\$ 1,102,972
2,546,629	(2,546,629)	-
(1,622,733)	2,725,705	1,102,972
758,000	(758,000)	-
792,693	(792,693)	-
		132,432
792,693	(792,693)	132,432
		-
		-
		-
		-
<u>\$ (72,040)</u>	<u>\$ 1,175,012</u>	<u>\$ 1,235,404</u>

**HARRISON COUNTY, IOWA**  
**Notes to Required Supplementary Information – Budgetary Reporting**  
**June 30, 2008**

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The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended component units and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, a budget amendment increased budgeted disbursements by \$2,773,206. This budget amendment is reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 system by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2008, disbursements exceeded the amounts budgeted in the Mental Health Services, Roads and Transportation, Administrative Services and Debt Service functions. The County budgeted the sewer project in the Capital Projects Governmental Fund, however, it was later determined it should have been budgeted as a Business-Type Activity.

**HARRISON COUNTY, IOWA**  
**Combining Balance Sheet**  
**Governmental Nonmajor Funds**  
**June 30, 2008**

	Special Revenue Funds			
	Federal Revenue Sharing	Resource Enhancement and Protection	County Recorder's Records Management Fund	DARE
<b>Assets</b>				
Cash and Pooled Investments	\$ 67	\$ 65,833	\$ 6,903	\$ 2,344
Receivables				
Accounts	1		476	
Drainage Assessments		810		
Due from Other Governments				
Total Assets	<u>68</u>	<u>66,643</u>	<u>7,379</u>	<u>2,344</u>
<b>Liabilities and Fund Equity</b>				
Liabilities				
Accounts Payable			25	
Accrued Interest Payable				
Deferred Revenue				
Total Liabilities	<u>-</u>	<u>-</u>	<u>25</u>	<u>-</u>
Fund Equity				
Fund Balances				
Reserved for				
Drainage Warrants				
Conservation Land Acquisition				
Unreserved	68	66,643	7,354	2,344
Total Fund Equity	<u>68</u>	<u>66,643</u>	<u>7,354</u>	<u>2,344</u>
<b>Total Liabilities and Fund Equity</b>	<u>\$ 68</u>	<u>\$ 66,643</u>	<u>\$ 7,379</u>	<u>\$ 2,344</u>

Special Revenue Funds						
Supplemental Environmental	Conservation Easement Monitor	Sheriff's Seizure Fund	Flood and Erosion	Drug Search and Seizures	Sheriff's K-9	Sheriff's Officer Memorial
\$ 323	\$ 25,153	\$ 1,600	\$ 68,177	\$ 9,854	\$ 118	\$ 601
4	284					
<u>327</u>	<u>25,437</u>	<u>1,600</u>	<u>68,177</u>	<u>9,854</u>	<u>118</u>	<u>601</u>
			240			
<u>-</u>	<u>-</u>	<u>-</u>	<u>240</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>327</u>	<u>25,437</u>	<u>1,600</u>	<u>67,937</u>	<u>9,854</u>	<u>118</u>	<u>601</u>
<u>327</u>	<u>25,437</u>	<u>1,600</u>	<u>67,937</u>	<u>9,854</u>	<u>118</u>	<u>601</u>
<u>\$ 327</u>	<u>\$ 25,437</u>	<u>\$ 1,600</u>	<u>\$ 68,177</u>	<u>\$ 9,854</u>	<u>\$ 118</u>	<u>\$ 601</u>

(Continued)



**HARRISON COUNTY, IOWA**  
**Combining Balance Sheet - (Continued)**  
**Governmental Nonmajor Funds**  
**June 30, 2008**

Schedule 1

	Special Revenue Funds		
	Drainage Districts	Conservation Land Acquisition Trust	Total Governmental Nonmajor Funds
<b>Assets</b>			
Cash and Pooled Investments	\$ 70,435	\$ 102,252	\$ 353,660
Receivables			
Accounts		1,195	1,960
Drainage Assessments	91,717		91,717
Due from Other Governments			810
Total Assets	<u>162,152</u>	<u>103,447</u>	<u>448,147</u>
<b>Liabilities and Fund Equity</b>			
Liabilities			
Accounts Payable	8,522	6,230	15,017
Accrued Interest Payable	860		860
Deferred Revenue	91,717		91,717
Total Liabilities	<u>101,099</u>	<u>6,230</u>	<u>107,594</u>
Fund Equity			
Fund Balances			
Reserved for			
Drainage Warrants	61,053		61,053
Conservation Land Acquisition		97,217	97,217
Unreserved			182,283
Total Fund Equity	<u>61,053</u>	<u>97,217</u>	<u>340,553</u>
<b>Total Liabilities and Fund Equity</b>	<u>\$ 162,152</u>	<u>\$ 103,447</u>	<u>\$ 448,147</u>

**HARRISON COUNTY, IOWA**  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Nonmajor Funds**  
**For the Year Ended June 30, 2008**

	Special Revenue Funds			
	Federal Revenue Sharing	Resource Enhancement and Protection	County Recorder's Records Management Fund	DARE
Revenues				
Intergovernmental Revenue		\$ 14,793		
Charges for Services			\$ 3,697	
Use of Money and Property	\$ 3	1,850	266	
Miscellaneous				
Total Revenues	<u>3</u>	<u>16,643</u>	<u>3,963</u>	<u>-</u>
Expenditures				
Current				
County Environment and Education Services		2,429		
Administrative Services			4,806	
Total Expenditures	<u>-</u>	<u>2,429</u>	<u>4,806</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>3</u>	<u>14,214</u>	<u>(843)</u>	<u>-</u>
Fund Balances (Deficit) - Beginning of Year	65	52,429	8,197	\$ 2,344
Fund Balances - End of Year	<u>\$ 68</u>	<u>\$ 66,643</u>	<u>\$ 7,354</u>	<u>\$ 2,344</u>

Special Revenue Funds						
Supplemental Environmental	Conservation Easement Monitor	Sheriff's Seizure Fund	Flood and Erosion	Drug Search and Seizures	Sheriff's K-9	Sheriff's Officer Memorial
				\$ 40		
\$ 10	\$ 3,297		\$ 20,000	-		
10	3,297	-	20,000	40	-	-
			1,960			
-	-	-	1,960	-	-	-
10	3,297	-	18,040	40	-	-
317	22,140	\$ 1,600	49,897	9,814	\$ 118	\$ 601
\$ 327	\$ 25,437	\$ 1,600	\$ 67,937	\$ 9,854	\$ 118	\$ 601

(Continued)

**HARRISON COUNTY, IOWA**  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - (Continued)**  
**Governmental Nonmajor Funds**  
**For the Year Ended June 30, 2008**

Schedule 2

	Special Revenue Funds (Continued)		
	Drainage Districts	Conservation Land Acquisition Trust	Total Governmental Nonmajor Funds
Revenues			
Intergovernmental Revenue	\$ 327,461		\$ 342,254
Charges for Services		\$ 25,821	29,558
Use of Money and Property		2,696	4,815
Miscellaneous	49,616	27,945	100,868
Total Revenues	377,077	56,462	477,495
Expenditures			
Current			
County Environment and Education Services	297,916	11,630	313,935
Administrative Services			4,806
Total Expenditures	297,916	11,630	318,741
Excess (Deficiency) of Revenues Over Expenditures	79,161	44,832	158,754
Fund Balances (Deficit) - Beginning of Year	(18,108)	52,385	181,799
Fund Balances - End of Year	\$ 61,053	\$ 97,217	\$ 340,553

**HARRISON COUNTY, IOWA**  
**Combining Schedule of Fiduciary Assets and Liabilities**  
**June 30, 2008**

	Agency Funds				
	County Offices				
	Welcome Center	County Recorder	County Sheriff	Agricultural Extension	County Assessor
<b>Assets</b>					
Cash and Pooled Investments					
County Treasurer		\$ 1,015			\$ 55,119
Other County Officials	\$ 1,277	18,970	\$ 19,888	\$ 6,331	
Receivables					
Accounts		640			
Property Tax					
Delinquent				182	183
Succeeding Year				171,526	170,691
Special Assessments					
Drainage Assessments					
Succeeding Year					
Prepaid Insurance					2,903
<b>Total Assets</b>	<u>1,277</u>	<u>20,625</u>	<u>19,888</u>	<u>178,039</u>	<u>228,896</u>
<b>Liabilities</b>					
Accounts Payable					318
Accrued Interest Payable					
Salaries and Benefits Payable					
Due to Other Governments	1,277	20,625		178,039	228,578
Trusts Payable			19,888		
<b>Total Liabilities</b>	<u>\$ 1,277</u>	<u>\$ 20,625</u>	<u>\$ 19,888</u>	<u>\$ 178,039</u>	<u>\$ 228,896</u>

Agency Funds						
Schools	Area Schools	Corporations	Townships	Future Tax Payments	Preservation Commission	Auto License and Use Tax
\$ 130,258	\$ 6,912	\$ 53,978	\$ 2,904	\$ 919	\$ 400	\$ 283,079
9,954	505	4,999	143			
9,321,676	474,389	3,092,806	241,663			
<u>9,461,888</u>	<u>481,806</u>	<u>3,151,783</u>	<u>244,710</u>	<u>919</u>	<u>400</u>	<u>283,079</u>
9,461,888	481,806	3,151,783	244,710	919	400	283,079
<u>\$ 9,461,888</u>	<u>\$ 481,806</u>	<u>\$ 3,151,783</u>	<u>\$ 244,710</u>	<u>\$ 919</u>	<u>\$ 400</u>	<u>\$ 283,079</u>

(Continued)

**HARRISON COUNTY, IOWA**  
**Combining Schedule of Fiduciary Assets and Liabilities - Continued**  
**June 30, 2008**

	Agency Funds				
	City Special Assessments	Drainage Districts	Brucellosis and Tuberculosis Eradication	Emergency Management Services	Tax Redemption Trust
<b>Assets</b>					
Cash and Pooled Investments					
County Treasurer	\$ 2,484	\$ 349,268	\$ 937	\$ 56,628	\$ 22,757
Other County Officials					
Receivables					
Accounts		41			
Property Tax					
Delinquent			2		
Succeeding Year			2,001		
Special Assessments	11,369				
Drainage Assessments					
Succeeding Year		294,912			
Prepaid Insurance					
<b>Total Assets</b>	<b>13,853</b>	<b>644,221</b>	<b>2,940</b>	<b>56,628</b>	<b>22,757</b>
<b>Liabilities</b>					
Accounts Payable		153,054		1,537	
Accrued Interest Payable		1,174			
Salaries and Benefits Payable				7,062	
Due to Other Governments	13,853	489,993	2,940	48,029	22,757
Trusts Payable					
<b>Total Liabilities</b>	<b>\$ 13,853</b>	<b>\$ 644,221</b>	<b>\$ 2,940</b>	<b>\$ 56,628</b>	<b>\$ 22,757</b>

Agency Funds		
E-911 Service Commission	Cafeteria Plan	Total
\$ 133,826	\$ 10,252	\$ 1,110,736
		46,466
23,954		24,635
		15,968
		13,474,752
		11,369
		294,912
		2,903
<u>157,780</u>	<u>10,252</u>	<u>14,981,741</u>
5,929	7,128	167,966
		1,174
		7,062
151,851	3,124	14,785,651
		19,888
<u>\$ 157,780</u>	<u>\$ 10,252</u>	<u>\$ 14,981,741</u>



**HARRISON COUNTY, IOWA**  
**Combining Schedule of Changes in Fiduciary Assets and Liabilities**  
**For the Year Ended June 30, 2008**

	Agency Funds				
	County Offices				
	Welcome Center	County Recorder	County Sheriff	Agricultural Extension	County Assessor
<b>Assets and Liabilities</b>					
Balances Beginning of Year	\$ 1,277	\$ 22,069	\$ 17,987	\$ 169,530	\$ 240,516
Additions:					
Property and Other County Tax		80,370		167,206	168,239
E911 Surcharge					
State Tax Credits				8,643	9,594
State Allocation					
Office Fees and Collections		177,559	413,125		
Auto Licenses, Use Tax and Postage					
Assessments					
Miscellaneous				146	108
Total Additions	-	257,929	413,125	175,995	177,941
Deductions:					
Agency Remittances:					
To Other Funds					189,561
To Other Governments		259,373	411,224	167,486	
Trusts Paid Out					
Total Deductions	-	259,373	411,224	167,486	189,561
Balances End of Year	\$ 1,277	\$ 20,625	\$ 19,888	\$ 178,039	\$ 228,896

Agency Funds						
Schools	Area Schools	Corporations	Townships	Future Tax Payments	Preservation Commission	Auto License and Use Tax
\$ 9,052,385	\$ 475,396	\$ 2,897,617	\$ 237,070	\$ 919	\$ 400	\$ 295,838
9,082,140	461,893	3,004,857	236,830			
471,636	24,848	153,275	11,915			
						3,724,826
7,618	419		227			
9,561,394	487,160	3,158,132	248,972	-	-	3,724,826
9,151,891	480,750	2,903,966	241,332			3,737,585
9,151,891	480,750	2,903,966	241,332	-	-	3,737,585
\$ 9,461,888	\$ 481,806	\$ 3,151,783	\$ 244,710	\$ 919	\$ 400	\$ 283,079

(Continued)

**HARRISON COUNTY, IOWA**  
**Combining Schedule of Changes in Fiduciary Assets and Liabilities - Continued**  
**For the Year Ended June 30, 2008**

Assets and Liabilities	Agency Funds				
	City Special Assessments	Drainage Districts	Brucellosis and Tuberculosis Eradication	Emergency Management Services	Tax Redemption Trust
Balances Beginning of Year	\$ 3,982	\$ 179,696	\$ 2,970	\$ 17,822	\$ 15,382
Additions:					
Property and Other County Tax			1,940		
E911 Surcharge					
State Tax Credits			100		
State Allocation				351,743	
Office Fees and Collections					300,497
Auto Licenses, Use Tax and Postage					
Assessments	21,172	507,627			
Miscellaneous		1,691,999	2	53,157	
Total Additions	21,172	2,199,626	2,042	404,900	300,497
Deductions:					
Agency Remittances:					
To Other Funds					
To Other Governments	11,301	1,735,101	2,072		293,122
Trusts Paid Out				366,094	
Total Deductions	11,301	1,735,101	2,072	366,094	293,122
Balances End of Year	\$ 13,853	\$ 644,221	\$ 2,940	\$ 56,628	\$ 22,757

<u>Agency Funds</u>		
<u>E-911 Service Commission</u>	<u>Cafeteria Plan</u>	<u>Total</u>
<u>\$ 104,012</u>	<u>\$ 5,797</u>	<u>\$ 13,740,665</u>
		13,203,475
136,063		136,063
		680,011
		351,743
		891,181
		3,724,826
		528,799
<u>4,168</u>	<u>29,544</u>	<u>1,787,388</u>
<u>140,231</u>	<u>29,544</u>	<u>21,303,486</u>
		189,561
35,000		19,430,203
<u>51,463</u>	<u>25,089</u>	<u>442,646</u>
<u>86,463</u>	<u>25,089</u>	<u>20,062,410</u>
<u>\$ 157,780</u>	<u>\$ 10,252</u>	<u>\$ 14,981,741</u>

**HARRISON COUNTY, IOWA**  
**Schedule of Revenues By Source and Expenditures By Function -**  
**All Governmental Fund Types**  
**For The Last Four Years**

	Modified Accrual Basis			
	2008	2007	2006	2005
<b>Revenues</b>				
Property and Other County Tax	\$ 5,875,034	\$ 5,729,568	\$ 5,336,897	\$ 5,491,423
Interest and Penalty on Property Tax	50,829	57,510	59,258	68,493
Local Option Sales Tax	465,664	425,289	462,321	431,509
Intergovernmental	5,194,003	4,776,739	4,677,346	4,029,136
Licenses and Permits	23,574	23,574	22,645	25,131
Charges for Service	1,345,927	1,422,647	1,349,341	1,174,042
Use of Money and Property	329,746	387,284	317,305	193,104
Miscellaneous	814,032	798,075	867,002	550,539
<b>Total Revenues</b>	<u>14,098,809</u>	<u>13,620,686</u>	<u>13,092,115</u>	<u>11,963,377</u>
<b>Expenditures</b>				
Current				
Public Safety and Legal Services	1,865,471	1,782,628	1,749,112	1,693,019
Physical Health and Social Services	1,711,280	1,448,676	1,382,657	1,260,780
Mental Health	2,022,201	1,801,955	1,518,473	1,553,127
County Environment and Education Services	1,196,058	1,294,395	1,002,246	1,014,956
Roads and Transportation	5,065,406	5,246,078	5,244,431	4,594,896
Government Services to Residents	484,491	431,554	559,230	381,416
Administrative Services	1,292,671	1,288,661	1,086,407	1,029,062
Debt Service	480,546	567,026	564,952	566,562
Capital Projects	-	185,004	59,645	203,801
<b>Total Expenditures</b>	<u>\$ 14,118,124</u>	<u>\$ 14,045,977</u>	<u>\$ 13,167,153</u>	<u>\$ 12,297,619</u>

**HARRISON COUNTY, IOWA**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2008**

	CFDA Number	Agency or Pass-Through Number	Program Expenditures
<b>Direct</b>			
U.S. DEPARTMENT OF AGRICULTURE			
Water and Waste Water Disposal System Grant	10.760		\$ 979,282
Sewer Revenue Capital Loan Note	10.760		300,000
Sewer Revenue Capital Loan Note	10.760		458,000
Total Direct			<u>1,737,282</u>
<b>Indirect</b>			
DEPARTMENT OF AGRICULTURE			
Iowa Department of Human Services:			
State Administrative Matching Grants for Food Stamp Program	10.561		10,558
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Iowa Department of Human Services:			
Promoting Safe and Stable Families	93.556		18,301
Temporary Assistance for Needy Families	93.558		11,505
Child Care and Development Fund	93.596		2,790
Foster Care - Title IV-E	93.658		6,733
Adoption Assistance	93.659		1,599
Social Services Block Grant	93.667		68,267
State Children's Insurance Program	93.767		95
Medical Assistance Program	93.778		14,635
DEPARTMENT OF HOMELAND SECURITY			
Iowa Homeland Security and Emergency Management:			
Disaster Grants - Public Assistance	97.036	DR-1705-IA	1,573,521
Emergency Management Performance Grant	97.042	60000-01210-448-36-260	18,157
Hazardous Material Emergency Planning	20.703		1,235
State Homeland Security Program	97.073		37,443
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Iowa Department of Economic Development:			
Community Development Block Grant	14.228	03-WS-079	107,713
DEPARTMENT OF TRANSPORTATION			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205		1,065
Total Indirect			<u>1,873,617</u>
Total			<u>\$ 3,610,899</u>

**Notes to Schedule of Expenditures of Federal Awards**

**Basis of Presentation** - The schedule of expenditures of Federal Awards includes the federal grant activity of Harrison County and is presented on the cash basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statement.



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Supervisors  
Harrison County, Iowa

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Harrison County, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated June 26, 2009. We conducted our audit in accordance with U.S. generally accepted auditing standard and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting:**

In planning and performing our audit, we considered Harrison County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Harrison County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Harrison County's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the internal control over financial reporting that might significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies, including deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Harrison County's ability to initiate, authorize, record, process or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is a more than remote likelihood that a misstatement of Harrison County's financial statements that is more than inconsequential will not be prevented or detected by Harrison County's internal control. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Harrison County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily disclose all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies describe above, we believe Items II-A-08, II-B-08 and II-C-08 are material weaknesses.

#### **Compliance and Other Matters:**

As part of obtaining reasonable assurance about whether Harrison County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2008 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Harrison County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the County's responses, we did not audit Harrison County's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Harrison County and other parties to whom Harrison County may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Harrison County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

*Willis & Company P.C.*  
Certified Public Accountants

Onawa, Iowa  
June 26, 2009



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Supervisors, Harrison County:

**Compliance:**

We have audited the compliance of Harrison County, Iowa with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal programs for the year ended June 30, 2008. Harrison County's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major federal programs is the responsibility of Harrison County's management. Our responsibility is to express an opinion on Harrison County's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Harrison County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Harrison County's compliance with those requirements.

In our opinion, Harrison County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

**Internal Control Over Compliance:**

The management of Harrison County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Harrison County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Harrison County's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects an entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Harrison County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the County's responses, we did not audit Harrison County's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the board of supervisors, management, employees and citizens of Harrison County and other parties to whom Harrison County may report including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

*Williams & Company P.C.*  
Certified Public Accountants

Onawa, Iowa  
June 26, 2009

**HARRISON COUNTY, IOWA**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2008**

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Part I: Summary of the Independent Auditors' Results

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including material weaknesses.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No significant deficiencies or material weaknesses over major programs were disclosed.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major programs were as follows:
  - CFDA Number 10.760 – Water and Waste Water Disposal System Grant  
and USDA Loans
  - CFDA Number 97.036 – Disaster Grants – Public Assistance
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Harrison County did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements

Instances of Non-Compliance  
No matters were reported.

Significant Deficiencies

- II-A-08. Segregation of Accounting Duties – During our review of internal control, the existing procedures are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements. Several incompatible accounting functions regarding cash receipts are handled by the same employee.

Recommendations - We recommend that one employee be designated to open the mail and make a prelist of receipts, one employee post the receipts and the employee who opens the mail make the bank deposit.

Response - Due to the limited number of personnel in the office it is not feasible at this time to break down the segregation of duties any further.

**HARRISON COUNTY, IOWA**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2008**

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Conclusion - We realize there are a limited number of personnel available and we agree with the County's response. Our purpose in making this observation is to remind management of the careful attention and scrutiny of the records that is necessary when a limited number of personnel are available which makes ideal controls impossible.

- II-B-08. Financial Reporting – During the audit, we identified material amounts of receivables, payables and capital asset additions not recorded in the County's financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

Recommendation – The County should implement procedures to ensure all receivables, payables and capital asset additions are identified and included in the County's financial statements.

Response – We will double check these in the future to avoid missing any receivables, payables or capital asset transactions.

Conclusion – Response accepted.

- II-C-08. Information Systems – During our review of internal control, the existing control activities in the County's computer based systems were evaluated in order to determine that activities, from a control standpoint, were designed to provide reasonable assurance regarding the achievement of objectives in the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The following weaknesses in the County's computer based systems were noted:

The County does not have written policies for:

- Password privacy and confidentiality.
- Requiring password changes because software does not require the user to change log-ins/passwords periodically.
- Requiring user profiles to help limit access to programs to those who have a legitimate need.

Also, the County does not have a written disaster recover plan and does not require back up tapes to be stored off site daily in a fireproof vault or safe.

Recommendation – The County should develop written policies addressing the above items in order to improve the County's control over computer based systems. A written disaster recover plan should be developed and back-up tapes should be stored off site daily in a fireproof vault or safe.

Response – The County will comply in the future with these recommendations. County officials have discussed and agree that these policies are needed.

Conclusion – Response accepted.

Part III: Findings and Questions Costs Related to Federal Awards - None

**HARRISON COUNTY, IOWA**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2008**

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Part IV: Other Findings Related to Required Statutory Reporting

IV-A-08. Certified Budget - County expenditures during the fiscal year ended June 30, 2008 exceeded the amount budgeted in the Mental Health, Roads and Transportation, Administrative Services, and Debt Service functions. Disbursements in certain departments exceeded the amounts appropriated.

Recommendation - The budget should have been amended in accordance with Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget.

Chapter 331.434(6) of the Code of Iowa authorizes the Board of Supervisors, by resolution, to increase or decrease appropriations of one office or department by increasing or decreasing the appropriation of another office or department as long as the service area budget is not increased. Such increases or decreases should be made before disbursements are allowed to exceed the appropriation.

Response - We will amend the budget when required and appropriations will be watched more closely by the departments.

Conclusion - Response accepted.

IV-B-08. Questionable Expenses - We noted no expenditures that we believe may constitute an unlawful expenditure from public funds as defined in an Attorney General's opinion dated April 25, 1979.

IV-C-08. Travel Expense - No expenditures of County money for travel expense of spouses of County officials and/or employees were noted.

IV-D-08. Business Transactions - Business transactions between the County and County officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Kim Bereus, Public Health Employee Owner of Main Street Graphics	Logo Application Performed by Kim Bereus	\$ 433
Bruce Busing, Maintenance Employee Father of Matt Busing	Lumber Hauling Performed by Matt Busing	74
Bruce Busing, Maintenance Employee Father of Michael Busing	Lumber Hauling Performed by Michael Busing	35
Susan Bonham, County Auditor Mother of Steven Bonham	Election Duties and Claims Work Performed by Steven Bonham	141

**HARRISON COUNTY, IOWA**  
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In accordance with Chapter 362.5(10) of the Code of Iowa, the transaction with the County Auditor, Public Health and Maintenance employees do not appear to represent conflicts of interest since the total transaction was less than \$1,500 during the fiscal year.

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Dennis Hall, Engineer's Office Employee	Cleaning Performed by Lois Hall Husband of Lois Hall	\$ 6,240
Robert V. Smith, County Supervisor	Cleaning Husband of Cheryl Smith Performed by Cheryl Smith	2,915

The transactions with the County Supervisor and the Engineer's Office employee may represent a conflict of interest. The County should contact legal council for determination.

- IV-E-08. Bond Coverage - Surety bond coverage of County officials and employees is in accordance with statutory provisions, but we suggest that the County review its coverage with the council and insurance agent.
- IV-F-08. Board Minutes - The minutes record was examined and appeared to give a condensed, accurate account of business transacted by the board. The County has represented to us that we were furnished a complete and official copy of all minutes of all meetings of the board.
- IV-G-08. County Extension Office - The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an extension council separate and distinct from County operations and, consequently, is not included in these financial statements. Disbursements during the year ended June 30, 2008 for the County Extension Office did not exceed the amount budgeted.
- IV-H-08. Resource Enhancement and Protection Certification - The County properly dedicated enough property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- IV-I-08. Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's investment policy were noted.
- IV-J-08. Solid Waste Fee Retainage - There were no solid waste retainage fees used or retained during the year ended June 30, 2008.